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JOBS AND HOUSING

A Two-Year Study of Employment and Housing  
Opportunities for Racial Minorities in  
Suburban Areas of the New York Metropolitan  
Region, conducted under a grant provided by  
the Carnegie Corporation of New York

Final Summary Report

on the

Housing Component

March 1972

NATIONAL COMMITTEE AGAINST DISCRIMINATION IN HOUSING, INC. (NCDH)  
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The National Committee Against Discrimination  
in Housing acknowledges with deep appreciation  
the grant of the Carnegie Corporation of New  
York which made possible this study.

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### Acknowledgments

This investigation, considered the most exhaustive yet undertaken of the jobs/housing relationship affecting minorities, was made possible by the initiative of NCDH Chief Executive Officer Edward Rutledge, and the organizational leadership of Mr. Rutledge and NCDH President Robert L. Carter.

As director of the Jobs/Housing Project, I wish to express my thanks to the many persons in various public and private institutions and agencies who helped in the course of this study, and above all, former and present NCDH staff members, including former Executive Co-Director Jack E. Wood, Jr., William Bright, Ellen Brindle, Joan Hendrickson, Cynthia Lewis, Harold G. Pollard, and William T. Rogers, Jr. I wish also to acknowledge the contribution of the Regional Plan Association, principal consultants to the study, especially the cooperation of Alan D. Donheiser, Regina Armstrong, and Shirley Sherak; also the contributions of Economic Consultants Organization, especially Roy Gerard and George Cerf. The study benefited also from advice and participation at various stages from Horst Brand, David Gayer, Anne Montero, Dick Netzer, Emanuel Tobier, and Carol Weiss. The responsibility for the report's content is, of course, solely mine.

I take this occasion to pay tribute to the memory of Clarence Funnyé, NCDH Director of Field Services and Planning, who directed the preliminary studies and whose contributions were cut short by his untimely death.

Finally, I am again indebted to Margaret Fisher for her advice and editorial vigilance.

Ernest Erber  
Director of Research and Program Planning  
National Committee Against Discrimination  
in Housing, Inc.

## THE HOUSING COMPONENT

### I. Introduction

The two-year inquiry into the growth of employment opportunities outside of central cities in the New York Metropolitan Region and the availability of housing to racial minorities in suburban areas accessible to such job sites was broken down into two broad components: (a) a study of economic growth trends in the suburbs and related manpower needs and transportation access, and (b) a study of the availability of housing within the means of all income groups employed in suburban establishments, including the lowest, and open to all prospective occupants, without regard to race or ethnic background.

Essentially, the housing component of this study sought to identify the constraints upon housing for racial minorities with moderate and low incomes. The effort to identify the constraints upon such housing was directed toward finding answers to two basic questions:

1. What is the extent and nature of constraints on the construction of housing within the means of employees of suburban establishments?
2. What is the extent and nature of discrimination against blacks and Puerto Ricans in the sale and rental of housing in suburban housing markets?

The methodology employed in gathering information to answer these questions was largely of two types: (a) a compilation and analysis of reported data on the behavior of the metropolitan housing market, and (b) field investigations in seven selected counties (Bergen, Essex, and Middlesex in New Jersey; Nassau, Suffolk and Westchester in New York and Fairfield in Connecticut), and community studies in some 30 suburban municipalities to determine local attitudes and practices affecting housing opportunities for low- and moderate-income households, specifically blacks and Puerto Ricans.

The study design was initially based on some 32 hypotheses as to probable reasons for the inadequacy of suburban housing at sale and rental levels within the means of low and moderate income families, and probable reasons for the under-representation of minority persons in the suburban counties of the metropolitan region. As the study progressed, insights developed by emerging findings permitted a re-evaluation of the hypotheses and an assessment as to their relative importance and/or validity in explaining the subject phenomena. Since the publication of the Interim Report\*, the study was directed more intensively toward a reduced number of key issues judged to be crucial in affecting future trends.

Reduction of the area of inquiry was also facilitated by the

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\* Jobs and Housing - A study of Employment and Housing Opportunities for Racial Minorities in Suburban Areas of the New York Metropolitan Region Interim Report on the first year's findings of a two-year study by the National Committee Against Discrimination in Housing (NCDH) with funds granted by the Carnegie Corporation of New York, March 1970.



rapid spread of public awareness of the essential factors in the city/suburb, white phenomenon. This awareness makes most of the reasons advanced for inquiry in the hypotheses commonplace knowledge today, however moral or legal justifications may differ.

The growth in public awareness has been due, in large part, to the study itself, especially the dissemination of some 3,000 copies of the Interim Report, resulting in widespread use in the national media. The study's subsequent findings were utilized from time-to-time by numerous urban affairs writers. Suburban housing practices have been brought to public attention also by NCDH through use of the study's findings in its action and public information programs; specifically, NCDH publications, litigation, expert testimony before legislative committees and special commissions, speeches to conferences of trade, professional, labor, business and other groups, and collaboration with government officials to make more effective their respective equal opportunity programs in housing.

Public awareness has also been heightened by front page publicity given to dramatic confrontations in a number of communities over exclusionary practices and/or local protests against inter-racial housing for low income families. As a result, place names such as Black Jack, San Leandro, Warren, Mahwah, Oyster Bay, Forest Hills, became nationally recognized symbols that stood for the issues involved in NCDH's Jobs/Housing study. The impact of these situations has been heightened by the coverage given to corroborative data released from time-to-time by such official sources as

the Bureau of the Census, the Department of Labor, the Department of Housing and Urban Development, the United States Civil Rights Commission, and state and metropolitan planning, housing and civil rights agencies.

The spread of factual information about current housing practices in the suburbs, however, has not sufficed to clarify the issues that are central to improving access to suburban employment and housing for racial minorities. These issues revolve, mainly, around (a) the effort to make a distinction in law enforcement and housing program administration between racial discrimination and economic discrimination and (b) the present reliance in enforcement of open housing laws on minimally-productive, case-by-case processing of individual complaints rather than institution of "pattern and practice" proceedings based on de facto evidence of under-representation of minority residents in specific buildings or municipalities.

The summary report on the study's housing component focuses on the constraints identified by our findings as the major obstacles to enlarging the housing opportunities of racial minority households of low or moderate income. The housing opportunities of such households are affected by both economic and racial discrimination in a manner not experienced by either low income whites or high income blacks. Persons of racial minorities with limited purchasing power in the housing market constitute a large and critical mass whose confinement to expanding ghettos is the essence of the urban problem today. It is the latter that has triggered our Jobs/Housing



study, and it is to the extent that the study contributes to an understanding of that problem that its value will be judged. The summary report, therefore, will focus on suburban housing from the point of view of constraints for the vast majority of the minority population, without pursuing the question, so largely speculative, as to whether racial or economic factors predominate in shaping local exclusionary practices.

## II. Major Constraints as Identified by Study

Blacks and Puerto Ricans seeking to take advantage of growing employment opportunities in suburban areas by looking for housing in the suburbs must overcome (a) the cost barrier (price of house or rental) and (b) the racial discrimination barrier. The study identified the constraints which contribute most to making each of these barriers effective.

### A. CONSTRAINTS ON CONSTRUCTION

1. Subsidized housing (Federal and/or State) excluded from all but a handful of suburban municipalities. This is the single, most critical constraint on housing supply for low and moderate income families, because the economics of housing construction price almost all non-subsidized housing beyond the means of most minority buyers or renters.
2. Multi-family housing is prohibited by zoning in most suburban jurisdictions with a significant amount of vacant land. Efforts by builders to obtain zoning changes by amendment or variance are usually blocked, except in some cases where the limitation on apartment size and design for high rents assures suburban officials that occupancy will be overwhelmingly by middle class whites with a minimal pupil yield.

3. Excessively large lots are required by zoning to increase arbitrarily the cost of single family houses, thereby resulting in a higher tax assessment for such property, as well as pricing them beyond the reach of most Black and Puerto Rican homeseekers. Though current construction and land cost combined with mortgage and property tax rates would result in a sale price beyond the reach of most wage earners, even if built on relatively small lots, zoning that would permit such construction would add to the total supply of housing, thereby easing the pressures for all homeseekers, regardless of income bracket.
4. Housing site --- Choices of builders and public bodies are confined by factors of zoning, community attitude, land availability and cost, and access to Manhattan, without regard to suburban labor markets and their current and future manpower needs, thus contributing to the mismatch of job locations and work force residence between city and suburb, white collar and blue collar, blacks and whites.
5. Marketing of new suburban housing, both sales and rentals, fails to supply minority homeseekers with systematic information about housing opportunities as related to employment and skill training opportunities. White homeseekers, with earlier and more reliable information, act quicker in taking advantage of opportunities in a tight and changing housing market. Where this involves publicly-assisted housing, such as 236, in predominantly white neighborhoods or suburban towns, it has the effect of "taking away" subsidized units from the minority community that might have built them in ghettos before current HUD site-selection guidelines prevented it.
6. Civil rights enforcement mechanisms are closed to victims of racial discrimination when practiced by suburban municipalities in the form of land use controls and building regulations. A building owner who refuses to rent to minority tenants, or a homebuilder who refuses to sell to minority homeseekers, is subject to legal proceedings under Title VIII of the Federal Civil Rights Act and similar state laws. A municipality which excludes blacks and Puerto Ricans by its land use and building policy, enjoys immunity, as of now, from action by civil rights enforcement agencies, even in specific cases of actions that bar proposed housing likely to have considerable numbers of minority occupants by virtue of rental levels and other factors.

7. The local property tax system gives every type of incentive to property owners to oppose housing for low and moderate income households in their community. By placing school costs so largely upon local resources, together with the local share of county costs for health, welfare and law enforcement, the property tax system makes every property owner consider the possibility of direct and immediate tax consequences of housing families of low and moderate income within his tax jurisdiction. The local property tax serves as a respectable cover for every type of discriminating motivation.

B. ENFORCEMENT OF LAWS AGAINST RACIAL DISCRIMINATION IN HOUSING

1. Discrimination as a pattern or practice remains largely unaffected by enforcement activities, consisting predominantly of individual complaints by victims of discrimination. Owners of multi-family buildings, renting agents, homebuilders, cooperatives, condominiums, apartment management firms, multiple listing systems and property-owners associations can afford to risk the occasional complaint by an individual who is burdened by pursuing it, subjected to frustrating delays granted at the request of the accused, and settled frequently with a negotiated compromise, long after the complainant has found other accommodations and lost interest in the case. "Pattern and practice" suits are initiated most infrequently, Federal and state enforcement agencies citing budget and staff limitations as a reason for not undertaking more "de facto" actions requiring comprehensive and painstaking compilation of evidence in the form of social, economic and demographic data, and racial occupancy records.
2. Community exclusion of racial minorities maintained by combining the furtively discriminatory practices of public authority (police, schools, tax assessment, social welfare, health, zoning, building inspection, etc) and private institutions (real estate firms, banks, employers, landlords, churches, neighborhood and taxpayer associations, PTA's, service clubs, Chamber of Commerce, etc.) to resist by non-cooperation, rebuffs, deception and often harassment the efforts of blacks and other minorities to gain a residential foothold in the community. The census reports are replete with long lists of suburban towns, many with large segments of white blue-collar workers, with less than one per cent non-white inhabitants. Such communities, most easily identified in the public's mind with San Leandro, California, and Warren, Michigan, because of concentrated attention from the media (or the less widely-known Clifton, New Jersey, in our study area), are not sus-



ceptible to civil rights enforcement procedures designed to operate in the area of individual relations, such as between job applicant and employer, apartment hunter and renting agent, homeseeker and real estate broker, etc. Such communities exude hostility to would-be residents of minority races (or are so viewed by minority members) to an extent that causes non-whites to avoid them in their search for housing.

3. Dual real estate markets -- one for whites and one for blacks, continue to operate with the connivance of both white and black brokers. The exclusion of black brokers from boards of realtors and the informal agreements between many white and black cooperating brokers for referral of white clients to the former and black clients to the latter remains widespread. Real estate advertisements that contain code words or pictures to convey racial implications continue to appear despite efforts by state enforcement agencies and responsible newspapers to curtail the practice. The scandalous handling of 235 sales, both discriminatory and fraudulent, was facilitated by the existence of dual housing markets and segregationist practices by brokers of both races.
4. Absence of racial occupancy records frustrates pattern and practice complaints. Renting offices hide behind old state statutes forbidding the keeping of racial designation records. This situation is being remedied in New Jersey by a pioneer regulation requiring annual reports on racial occupancy by apartment for buildings of 25 units or more.
5. Fragmented and underground dissemination of real estate information places minority homeseekers, both buyers and renters, at a disadvantage in areas outside of ghettos, especially in distant suburbs. Unlike the highly centralized stock market, the real estate market is decentralized into scores of local situations with the information strings to each in the hands of a local broker or board of realtors. In a tight housing market it often suffices to find occupants by passing the information of a pending vacancy, or offer to sell, via an "underground" of neighbors, friends, local merchants, etc., with the result that blacks or Puerto Ricans never hear of the opportunity.

### III. Housing Market Behavior in the New York Metropolitan Region in 1960's

Housing opportunities for racial minorities, as with all other consumers of shelter, are influenced decisively by demographic trends

and housing market behavior in the metropolitan Region.

A metropolitan Region, essentially, is a labor market area, with the housing stock a necessary adjunct to shelter the labor force. In large metropolitan regions, such as New York's, there are actually many overlapping sectional and functional labor markets with somewhat parallel housing markets. Theoretically, labor and housing markets should respond to each other's needs: available jobs should induce residential building and available labor force should induce economic expansion and more jobs. It is the mismatch between employment opportunity and housing opportunity in the New York Metropolitan Region's suburbs that constitutes the central problem investigated by this study.

The growth of employment opportunity is a by-product of the economy's growth; induced in specific localities only partially by the availability of a resident labor supply, since transportation facilities are a relative (or elastic) factor and higher wages can attract employees from longer distances. The growth of housing opportunity is governed by many factors, among which the principal ones are (a) mortgage rates; (b) land and construction costs; (c) effective consumer demand; and (d) local land use (zoning) controls and building regulations. The factors that cause job-location decisions to relate to housing supply and housing-location decisions to relate to job supply are, at best, relatively tenuous when operating under free market conditions that



permit economic incentives and consumers' choice maximum effectiveness.

However, the free play of market forces in the New York Metropolitan Region is radically distorted, our study found, by the double constraints of exclusionary zoning and racial discrimination in sales and rentals. The result has been a serious interference with residential mobility, resulting in demographic trends that are separating the population into vast geographic areas by race, income and occupation. Essentially these trends are segregating blacks and Puerto Ricans in vast ghettos in New York City and other old cities of the Region, and housing whites in rapidly growing suburbs -- reducing freedom of choice for everyone and depriving minorities of the residential mobility essential to maximize their opportunities in the Region's labor market.

Rational land use for residential construction and sales and rentals free of racial tests would normalize the housing market, but it would still confront the person of low or moderate income with price barriers that reflect the economics of housing today. The nature of the economic barriers can be seen from the behavior of the housing market during the 1960's, essentially the story of a declining number of housing starts and rising sale prices and rentals.

For the nation as a whole, the decade began with 1.3 million starts in 1961 and ended with 1.4 million in 1970 for a total of 10.3 million dwelling units added (starts minus fires and demo-

litions) over the 10 year period. This represented an 18% increase in the nation's housing inventory, a poor record compared to the 26% increase registered in the 1950's.

In the New York Metropolitan Region\*, the decade began with 140,300 starts in 1961 and ended with 68,700 starts in 1970. Beginning in 1965, each successive year showed fewer housing starts. Total starts for the decade of the 1960's were about one million, compared to 1.2 million in the 1950's. Since demolition and fire loss removed some 350,000 units during the 1960's, there were only 652,928 dwelling units added to the Region's housing inventory from 1960 to 1970 to accommodate a population increase of almost two million during the decade.

In 1969, three building permits were issued per 1,000 population in the New York SMSA, and two permits per 1,000 population in the Newark SMSA. Comparative figures for other areas were Miami-Fort Lauderdale, 30; Orange County, Cal., 24; Phoenix, 20; San Diego, 19; Atlanta, 17; Dallas, 17; Denver, 14; and Houston, 14. The national average was 7 building permits per 1,000 population.

One result was an extremely "tight" housing market in the New York Metropolitan Region with a vacancy rate under 1%, a factor that placed additional upward pressure on sale prices and rentals, already escalating as part of the inflationary spiral. The average rent for the Region's tenants moved from \$86 in 1960 to \$118 in 1970, despite rent control in New York City. The average

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\* As defined by Tri-State Regional Planning Commission

value of single family homes in the existing inventory went up from \$19,300 in 1960 to \$30,500 in 1970.

Comparing the total increase in dwelling units to the increase in population is a crude measurement that is comparable to deciding the adequacy of the supply of shoes for a given number of people without knowing anything about foot sizes, or whether the shoes were designed for men or women, work or bowling, summer or winter. Housing that fits a particular family's needs as to number of bedrooms, dependable heat and hot water, access to work, and within the budget becomes increasingly difficult to locate as the vacancy rate declines. The difficulty also increases for families in relation to where they rank on a declining scale of incomes. Vacancy rates are lower for less expensive housing, except for the very worst slum housing affected by abandonment.

The decline in housing starts that began in the middle Sixties is usually attributed to the drying up of money for construction loans and mortgages as a consequence of more attractive earnings in other investments. Builders, who customarily operate with a minimum of their own capital, found it increasingly difficult to get financing. Homebuyers who found that the mortgage rates were escalating from 6% to 7% and on to 8% and 8.5% withdrew from the market in expectation of more favorable rates. Terms became stiffer also as lending institutions demanded a higher value-to-loan ratio and credit criteria for borrowers became stricter. The number of families in a financial position to buy shrank, beginning, as usual, with those whose resources were slimmest, including minority families that had just begun to accumulate savings as a

consequence of the increase in employment in the 1960's and the decrease in discrimination pursuant to civil rights legislation.

The shrinking of the home buying market slowed sales and made both builders and banks more cautious. Since builders operate with money borrowed for short terms at high interest rates (9% to 11%), slow sales erode profits and can, if stretched out, prove disastrous. The result was a downward plummeting of one-family starts. From a high of 50,500 in 1964 they decreased annually to 25,200 in 1970 in the New York Region.

Rising money rates were accompanied by increased land costs. Aside from inflationary influences affecting all transactions, land values are subject to unique factors relating to depletion of supply in specific locations; the uses and density permitted by zoning regulations; the probability of negotiating zoning changes; and, finally, the market price (or rentals) of housing in the area.

#### Land-Development Economics

Based on field surveys by Economic Consultants Organization, consultants to the NCDH study, the following picture of land-development economics in selected portions of the New York Metropolitan Region emerged:

Interviews with builders and housing developers indicated that the scarcity of land was one of the major "problems" of the home building industry in the Region. The most usual complaint, especially in the more built up areas, was that land was priced too high and/or not zoned for the type of construction builders had in mind. To the extent that builders feel it necessary to obtain a change in zone, lack of land zoned satisfactorily becomes a barrier. In view of the feelings of builders, especially those involved in multi-family housing, one of the ways in which the overall cost of housing can be reduced is through higher density zoning.



One other factor which is significant is the size of the individual land parcel. Builders are predisposed to small-sized parcels, as development costs per housing unit are about equal for similar-sized parcels, but rise as the parcel on which the housing unit is built becomes larger. As a result, a one-acre parcel rarely is twice the price of a half acre parcel.\* Usually, it is somewhat less, a discount in effect to offset the higher development costs. Running contrary to this trend is the fact that home buyers often view ownership of a one-acre parcel as a status goal. Also one-acre parcels are a common breaking point in zoning ordinances; land is zoned for one-acre development on the basis that the higher cost of the land will insure a higher income owner. The builder also understands this and is willing to go along unless the development cost rises to a point where he will have to argue for a zone change in order to assure himself of sufficient buyers with the ability to pay the higher price. The predominant trend is, the larger the lot, the higher the price and the development cost, but size is not linearly related to cost.\*\*

From the perspective of the use of land on a regional basis, the size and cost of the parcel has both positive and negative impacts. The fact of extensive large lot zoning which tends to drive up the price of housing could be considered in the interests of conserving a limited commodity, except that there are a sufficiently large num-

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\* A one-acre lot is rarely exactly 43,560 square feet or even within 5% or 10% of it. When land is subdivided, the builder is somewhat free to parcelize as he desires, with approval of the local authorities. The builder will make lots as small as possible and with as few front feet as possible to cut down on development costs.

\*\* A typical case that illustrates the frustrations encountered to obtain a change in zone is the case of one developer in the Region. This developer owned or had control of 100 acres zoned for single family houses on two acre parcels. The land had good drainage and water and sewer utilities could be provided. Requesting a change of zone to permit greater density of development, the developer found discussions stalled for a long period of time. A tentative agreement for higher density housing, but only for the elderly, was attacked by one local group as disturbing the ecology and discriminatory to younger families. No matter what concessions were made, the developer met a stone wall of opposition, with arguments devised to rebut each possible type of agreement. The land is reported to be for sale at its original two acre density level.



ber of households willing to pay the price to use up the commodity. Another negative aspect is to keep the lower income household out. Exhaustion of the land supply is less of a problem if it is used in an efficient economic fashion. Large lot zoning (over  $\frac{1}{2}$  or  $\frac{3}{4}$  acre) is not economically efficient. Builders will argue that anything over  $\frac{1}{4}$  acre is inefficient in an area with public water and sewer service: if the area is not provided with utilities, larger lots are needed for septic fields and underground water sources.

Ultimately, the relationship between land costs and construction is a function of the market for the particular units at a given price level. This factor leads to varying levels of land cost for essentially the same type of unit in different areas. For any number of reasons (a good many of them non-economic), prospective purchasers or tenants are willing to pay more for land and housing in some areas than in others.

For example, single family land costs in Fairfield and Westchester Counties are generally similar for the same type of area; land of the same size parcels in suburban towns in both counties costs about the same (Table A). However, different sized single family parcels in these counties are priced at varying levels. Accordingly, an acre building site with water and sewer utilities costs from \$15,000 to \$20,000; a half-acre or smaller parcel in cities in both counties (also with water and sewers) costs somewhat less than a suburban one acre lot in Westchester County, but more than a one acre parcel in Fairfield County.

Land in Nassau County is scarce; there are few communities on the south shore with land available which is zoned for single-family housing. In some communities (Parkville Center, for example), zoning provides for one-seventh acre plots which sell for \$20,000 (Table A). The same size lot is priced at \$15,000 in Baldwin, but there are reported to be few lots remaining. Land in the northern part of Nassau (Town of North Hempstead and Oyster Bay) is available, but at very high prices. These are individual single family lots in residential sections. Most areas in Nassau County are served by water and sewer facilities.

Land for single-family development in Suffolk County is generally available; these lots are parcels without water and sewer outlets which sell for \$4,000 to \$6,000 (Table A). Most of the land is along the southern shore or in the central portion of Suffolk. Generally, land farther east on the island sells for the lower end of the range (\$4,000) while land farther west, closer to New York City, sells for more (\$6,000). Some parts of Suffolk have both water and sewer facilities; the former is more prevalent than the latter. Accordingly, single-family housing in some areas of the southern and central portions have a public water supply along with septic tanks.

In the New Jersey counties (Bergen, Essex and Middlesex), lot sizes are generally smaller than in Westchester, Fairfield or Suffolk, but building sites in the more intensely developed towns are usually more expensive than land of roughly the same size in the less built up areas (Table A).<sup>\*</sup> One of the factors accounting for the variation is the general availability of in-ground utilities (water and sewer) in the more developed areas.

Land costs for multi-family structures (garden apartments or town houses, at densities of less than 20 units per acre or high rise buildings of greater than 30 units per acre) are usually much lower than for single-family houses. Most multi-family housing is built on land which is served by public water and sewer facilities and located in the more densely settled parts of the suburban New York Region. Within the multi-family category, land for high-rise units costs less per unit than does land for the less dense garden apartment-town house style construction. Nonetheless, there can be considerable variation in land costs for each type of structure in the same areas as well as between areas.

Comparing garden apartment-town house land costs in New York counties to Fairfield County in Connecticut indicates that costs are higher in the latter county, and that there is a considerable range in costs in particular areas (Table B). Suffolk County, in New York, and Middlesex, in New Jersey, have similar per unit land costs. Fairfield land costs are much higher than in any of the other counties included in this report. The same type of variation observed for the less densely built multi-family units also holds for high-rise developments (Table B). Land costs are highest in Fairfield and Nassau Counties and around White Plains in Westchester County. Costs are more nearly the same in the remaining four counties.

The variation in costs within a particular area can be due to many factors such as the ability of prospective tenants to pay enough rent to support a high land cost, and the availability of sites. In the urban areas, such as Stamford, White Plains and Irvington, costs will tend to be higher than in more suburban locales. However, there is usually very little land available in suburban locations already zoned for multi-family use. While it is not possible to differentiate land zoned for multi-family use prior to construction from that where a special permit or zone change is required, the former situation would normally result in a higher land cost than the latter in both urban and suburban locations.

The availability of land for multi-family housing is not uniform throughout the Region. Land for high-rise structures is mostly

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<sup>\*</sup> The eastern sections of Bergen, Essex and Middlesex Counties have more intensive development than the western sections.



located in the cities (or major villages or boroughs) while land zoned for garden apartments and town houses is more likely to be located in village and town areas. Many communities exclude multi-unit housing completely or permit it only on land which is zoned for another use. In other instances, the land zoned for multi-unit housing has been developed and any additional housing of this type must be authorized by local jurisdiction through a zone change or special permit.

Accordingly, land costs for multi-family housing in many instances is not a reflection of the actual land costs. If land zoned for single-family use is purchased and then a zone change for multi-family housing is obtained, the original land cost is indicative of the price structure for land zoned for single-family use. Another situation which causes problems in comparing multi-family land cost is that many projects have been constructed on land purchased from urban renewal agencies. These land costs will generally be much below the going rate for non-urban renewal land.

Communities in all of the study area counties have urban renewal programs or have granted zone changes. Stamford and Bridgeport in Fairfield County, White Plains, Mount Vernon, Yonkers and New Rochelle in Westchester, and many villages in Nassau County have had urban renewal programs involving new housing construction on publicly-owned land. In New Jersey, similar programs have been carried out in Hackensack, Newark and other Essex and Bergen County communities. Zone changes and the granting of special permits is widespread in all counties. The examples cited in attached Tables A,B,C of land costs for multi-family units in the study area counties cannot be considered as necessarily typical. Rather, the land costs should be thought of as specific examples which may not apply to other communities in the same area or even to other multi-family projects in the same community.

In assessing the significance of the land component in relation to overall housing costs, a comparison between the respective average annual rates of increase in land costs and household income was developed. Increases in the price of land (both single and multi-family) for selected areas in the seven county suburban New York Region range from a low of about 5% to a high of over 30% per year (Table C). The majority of the rates of increase in land costs are between 5% and 10% per year.

A comparison between the rises in the costs of residential land to increases in income in the seven counties indicates that the former has generally risen at a faster rate than the latter. The greater increases in land costs compared to income reflect a period of rapidly rising prices (1965 through 1968 or 1969) which was paralleled, but not equalled, by general inflationary increases. On a national basis, family income rose by 8% in 1968 and 9% in 1969. Average annual land cost increases for the Region were about the

same order of magnitude. However, data for the New York Region (Table D) showed generally a lower overall rate of increases in family and per capita income than for the nation as a whole.\* A partial exception is evident for increase in land prices and income in Essex County where the rate of gain in income is greater than rises in the cost of land in the West Orange-Milburn area (Tables C and D).

The implication of a faster rise in land prices than in incomes is that, by 1970, the cost of housing was requiring a larger share of total income than in the middle 1960's.

In January, 1971, the Bureau of Labor Statistics reported that "between December, 1969 and December, 1970, area housing costs have risen by 9.3% -- one of the fastest rising major components of the Consumer Price Index. The index for homeownership costs showed a sharp over-the-year increase of close to 15 percent. In recent months, the area rent index has also begun to register substantial increases. In fact, for the 12 months ending December, 1970, residential rents rose by 6.2 per cent -- the sharpest over-the-year increase since the February, 1958 - February, 1959 period."

The annual decline in housing starts, which began in the middle Sixties, caused construction labor unions to harden their resistance to admitting increased numbers of workers into their respective trades in order to preserve decreasing job opportunities for their members. (Coinciding with the heightened efforts of blacks and Puerto Ricans to enter the construction trades, the stance of the construction unions brought them into bitter conflicts with

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\* Lower rates of gain in income in the New York area are partly due to a higher overall level of income compared to other sections of the county.

the civil rights forces.) The effect of the unions' resistance was to increase construction costs by (a) creating local shortages of skills from time-to-time that caused costly delays in completions and (b) improving the bargaining position of the union to enable it to increase wage rates by larger increases than prevailed for wage earners as a whole.

The cost of building materials did not reflect the lessening demand due to declining housing starts in the late Sixties. The wholesale index of construction materials moved upward, sometimes outpacing the rises in the consumer price index. In the Fall of 1971 the construction materials index stood at 123 from a 1967 base of 100. However, materials that represent a large part of single-family home construction were leading the index, with lumber at 142, asphalt roofing at 131 and insulation materials at 134.

#### The Effect of Property Taxes

The New York Metropolitan Region's housing market was also affected sharply by exceptional increases in local property taxes during the latter half of the Sixties. Long identified as an anachronism left over from our agricultural beginnings, the property tax has survived because it is basically a regressive tax, i.e., falling most heavily upon those least able to pay. As with all sales taxes, which it is, in effect, the property tax takes an increasingly larger proportion of a family's income as it stands in lower rank on an income scale.



Most governmental services are provided by the smallest units of government;\* towns, villages, cities, school districts and special districts provide the multiplicity of services and facilities which make the suburbs so enviable a place of residence in the eyes of many urban dwellers. Traditionally, one of the major attractions of suburban living was the supposed superior schooling available to residents' children. Accordingly, in the late 1950's, attention focused on this area and many new schools were built, often with supplementary facilities such as swimming pools, elaborate auditoriums, and spacious grounds. The costs of these facilities and the highly trained teachers to man them boosted education costs substantially.

In the three New York counties, annual education costs rose by an average of 11% per year for the period 1964 to 1968. In New Jersey, the average annual increases in the operating costs of schools varied from 8% per year to 9% per year for the 1964 and 1966 period. These increases reflect the rising costs of wages and salaries for teachers and other employees, high costs for teaching materials, and, to some extent, the higher construction costs of the new facilities in the form of interest and debt payments.

Relatively high rates of increase in costs of other services are also evident for the same period for municipal functions such

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\* The outstanding exception is provision of social services (welfare) which is a county function in New York and New Jersey. There are no longer any county governments in Connecticut.

as fire and police protection, the local judicial system, local administration (clerks, secretaries, supervisors, managers, councilmen), highway maintenance and snow removal, local planning and zoning and the many other local functions. In the 1964 to 1968 period, these costs rose by 5% to 8% per year for all towns in New York (except for Suffolk County) and about 6% per year for all villages. In Suffolk County, the annual rate of increase was one percent, but, in this case, the villages are relatively small and have not had large increases in population.

In New Jersey municipalities, from 1965 to 1969, the average annual rate of increase for current operating expenditures varied from 6% to 8%. These rates are for cities, boroughs and townships combined, analogous to combining the city, town and village information for New York State municipalities. In spite of the slightly different method of presentation, the average annual increases in the cost of municipal operating expenses appear relatively similar for New York and New Jersey communities.

An average value home of \$30,000 that is carried on the assessment rolls at \$24,000 (80% of market value) in a suburban municipality with a tax rate of \$50 per \$1,000 pays \$1,200 per year in property taxes or \$100 per month for local services alone.\*

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\* Property tax rates vary from state to state, depending on the amount of state aid for school costs and other local expenditures. Tax systems in which the state collects a high proportion of total state-local revenues, usually through a state income tax, relieve the burden on local property owners by remitting funds for local use. In our Region, the local property tax is most burdensome in New Jersey, where local property taxes usually account for 60% to 75% of the municipal budget.

Adding taxes to high mortgage rates and the fact that most buyers of a \$30,000 house assume a mortgage of \$20,000 to \$25,000, results in carrying charges of \$300 to \$350 per month. This requires an annual income of about \$15,000 (with withholding for income taxes compensated for by deductions for local taxes and interest). It is estimated that only about 10% of the Region's households with a head under the age of 35 are in a position to assume housing costs in this dimension. This is a radically different housing market than that of the 1950's when mortgage rates were 4% to 5%, taxes \$25 per \$1,000, and assessed values tended to run from \$6,000 to \$12,000. It was quite easy for young families to assume the costs of homeownership under those conditions, which required a much smaller proportion of the household budget to be earmarked for shelter. Not only was it easier statistically, but several million young families proved they could afford it in a vast migration to suburban communities consisting of tract housing on 60x100 foot lots, with quarter-acre sites considered generous. (During this hey-day of the suburban homebuyer, discrimination against blacks and Puerto Ricans was blatant and universal and minority families were effectively excluded.)

#### The Rise in Multi-Family Starts

As the behavior of the housing market in the New York Metropolitan Region changed during the 1960's, those priced out of the homebuying market remained in apartments and the newly formed young families joined their numbers annually. Elderly couples also sought apartments as the cost of carrying single-family homes

went up and as pensions permitted others to maintain households who would otherwise have been institutionalized or living with off-spring. The result was a growing demand for apartments in all parts of the Metropolitan Region, including the suburbs, and a response by the building industry with a rapid escalation in multi-family starts, beginning in the late 1950's when the number of units in multi-family structures built annually began to equal and then exceed new single-family homes. In 1965, as the total number of starts began to decline, apartment units represented 60% of all starts. By 1970, apartment units represented 67% and single-family starts had dropped to 25,200 from the decade's high of 50,200 in 1965.

Most significant was the shift in location of apartment construction activity to the suburbs, where, with few exceptions, county ratios show apartment starts increasing and single-family home starts decreasing. Comparing the first half of the decade (1960-64) to the second half (1965-69) reveals that multi-family units in Bergen County moved from 48.1% of all starts in the first half to 60.8% in the second half; for Middlesex from 46% to 57.7%; for Fairfield from 27.2 to 39.2; for Nassau from 31.8 to 47.5; for Suffolk from 8.9 to 14.2%; and for Westchester from 54.7 to 65%. Additionally, single-family starts were offset by losses due to demolition and fires, especially clearance in the older suburbs to create sites for apartment houses, to a greater degree than were multi-family units. In Essex County, for instance, the in-



ventory of single-family homes declined by 2,694 between 1960 and 1970, while in Hudson County the figure for declines was 3,504. Queens, though part of the City of New York, exhibits many of the characteristics of a close-in suburban county; it lost 9,031 single-family homes from its housing stock between 1960 and 1970.

Despite ubiquitous, and often fierce, opposition from local groups, builders managed to squeeze apartments into many suburban communities that had experienced little or no multi-family construction since World War II, mainly in the older suburbs. Of a total of 497,818 dwelling units added in the Region outside of New York City between 1960 and 1970, 304,761 units were in multi-family structures.

It is now clear that the projections of the 1950's which saw the wave of single-family construction as the wave of the future, and saw "Levittowns" as the prototype of suburban settlement, were being misled by a temporary phenomenon that was flying in the face of housing economics, the historical behavior of money markets, municipal solvency, and the geometry of space. The housing patterns of large metropolitan areas in the United States are being "Europeanized." Both the 7% interest rate and the predominance of multi-family construction appear to have become facts of life in the New York Metropolitan Region, despite the futile -- though dreadfully harmful -- antics of entrenched suburban majorities who seek to realize a utopian dream of unrelieved, low density,



single-family house development in the face of urban reality. The effort to impose the dream by force of legislative majorities will turn it into a nightmare -- a long night of terror that sees race pitted against race, "haves" against "have nots," city against suburb, owner against tenant, taxpayer against welfare recipient, and police-enforced law and order against traditional American liberties. The mundane, at times boring, data set down by the shifts and turns of the housing market in the 1960's have a searing message for the New York Metropolitan Region -- the socio-economic format for urban settlement that began emerging in the 1950's is unworkable and should be deliberately restructured, beginning with an immediate reversal of present policies, to avoid catastrophe.

#### IV. The Suburban Zoning Barrier

The zoning barrier that surrounds New York City started innocently enough.\* Zoning would keep separate conflicting land uses and prevent overcrowding, thus saving new suburban areas from the blight and disorder so visible in older cities. However, in that very image lay the seeds of its misuse. A latter day ver-

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\* Zoning began in New York City in 1961; it might be said, therefore, that the city is being strangled in its own noose. Its origins in New York City were not innocent. It was conceived as a legal device to keep the needle trades shops with their lower class, immigrant workers away from the "carriage trade" retail stores on Fifth Avenue. See Seymour Toll, Zoned American, Grossman Publishers, New York, 1969.

sion put the purpose of zoning as "to prevent the Bronxification of Westchester," or "the Brooklynization of Long Island," or "to keep Harlem from coming across the George Washington Bridge." The objective of keeping the suburbs from "looking like the city" became confused with keeping the suburbs free from the social problems of the city, most easily achieved, many suburbanites thought, by keeping them free of the races and classes of mankind they considered to be the source of the problems. Such confusion comes readily in a status-conscious, race-conscious culture.

The licit and illicit rules of the "zoning game"\* are not difficult to discern and document. The objective is to create a community that is as trouble-free an island as human ingenuity can make it in a troubled urban sea, by regulating land use and building construction to provide homes for those deemed desirable and to exclude homes for those deemed undesirable, and to do it as cheaply as possible by attracting non-residential uses that pay taxes but require few services. This is done by creating an income level filter in the form of housing costs by (a) barring housing built specifically for low-income households (subsidized housing); (b) permitting apartments only if rentals will be high and bedrooms few; and (c) by requiring excessively large lots to increase the cost of each property and to limit the number of inhabitants by "using up" the buildable land.

Our study probed the zoning practices of nearly three dozen suburban communities and interviewed hundreds of their residents:

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\* Richard Babcock, The Zoning Game, University of Wisconsin, Madison, 1966.

Mayors, planning board members, real estate brokers, League of Women Voters members, Chamber of Commerce officials, opposition political leaders, taxpayer association representatives, fair housing groups, civil rights activists, etc. The dialogues invariably pursued the "choreography" of the "Dance of the Seven Veils," that most apt metaphoric description of suburban rationalization for exclusionary practices coined by Professor George Sternlieb of Rutgers.

The list of veils that emerges as a composite of our community interviews is approximately the following:

1. Fiscal. "We cannot afford it. Our taxes are sky high and our schools are full. Anyone who wants to live here must be prepared to pay their way."

Interviewer: What if the state paid for your schools, and health and welfare were a Federal obligation?

2. Ecological. "Increased densities will ruin the environment. We already have water quality problems and the town dump cannot handle any more solid waste."

Interviewer: Since these problems require adequate treatment facilities to correct, why not design them for more than your present density?

3. Community Character: "Higher densities would ruin the character of our community. We like it this way and we want to keep it this way."

Interviewer: Since anyone who would come here to live would do so, in part, because they like your community, why not enlist them in your effort to keep it attractive? After all, leading architects and urban designers insist that higher densities need not destroy a community's attractiveness.

4. Status: "We are not just any town. Our residents are fine people. They came here because they knew that this was a community of fine people. The people who live here have given this community a fine reputation. We want to continue to feel proud of our community."



Interviewer: Would it not be in keeping with America's democratic traditions to have fine people of less income live in your fine community?

5. Quality Schools: "This is a highly educated community. Most of our residents are college people. We have insisted on the very best schools. Many of our people bought homes here because of the reputation of our school system. We never have trouble in our schools. It's a good learning environment. Bring a different type of kid in and the quality is bound to suffer."

Interviewer: Isn't the insulation of your children from contact with groups that are representative of the American people as a whole a poor preparation for living and working as adults in our cosmopolitan society, beginning in college? Aren't you really cheating them?

6. Crime: "Everyone knows that poverty breeds crime. The few poor people we have around here have been good people from good stock. But if you get a lot of poor people living together there are bound to be criminal types among them. This is a town where we feel safe on the streets at night and go away without locking our doors. We like it that way. If we didn't we could live in New York."

Interviewer: Since the suburban crime rate is going up and since it is more likely that criminals will be from outside the community, not from within, where they are known, are not you going to be forced to put a wall around your town and check everyone who enters the gates?

7. Race: "I have nothing against Negroes. I think they should have all the rights a white man has. There are good and bad in all groups. But I am not in favor of social experiments. Mixing people of such different backgrounds has never worked and only causes trouble. Not that we would try to prevent a black doctor or professor from living here. But when you put up housing that ordinary blacks can afford you're inviting trouble. We are not going to have it."

Interviewer: Would you not say that this is the really basic issue involved in your zoning and housing policy? In any case, thank you for coming to the point.

Our interviews uncovered everywhere an uneasiness in suburban communities that seemed always on the edge of hysteria when questions seemed to suggest change of local patterns. After the



initial bland avowal of broad, altruistic motives in local planning and zoning, community spokesmen tended to tense up when pressed and the veils would start coming off, accompanied by the code words of fear: "high taxes," "overcrowding," "community character," "good schools," "drugs, crime and safety," and vague references to "different kinds of people." The mention of the word "apartments" can fill a high school auditorium with an emotional audience for a public hearing quicker than any other words except perhaps "public housing" and "busing."

Data assembled by the project's consultants (Roy Girard of Economic Consultants, Inc.) for the selected counties studied, shows that a "severe limitation on quantity of land zoned for multi-family use" exists in almost all municipalities having significant amounts of vacant land and that it has reduced the supply of rental housing in the suburbs.

In Connecticut such well-known commuter suburbs as Darien, Greenwich, New Canaan, Weston, Westport and Wilton, either prohibited multi-family construction, or permitted it in areas that represented a minute fraction of the municipality's land area, usually either already built upon or zoned for a wide variety of uses: industry, business, etc. Such multi-use zoning increased land costs and discouraged mortgage commitments to the extent that permission for multi-family use was a meaningless gesture. By contrast, Connecticut's older industrial towns zoned large percentages of their land area for multi-family construction and extensive building of such housing took place during the 1960's, as

is evidenced by the number of dwelling units in buildings of 5 or more apartments added in Bridgeport (5,136), Norwalk (1,503), and Stamford (4,903).

The same pattern exists in Westchester County: Towns with significant amounts of vacant buildable land and low-density, large-lot development zoned tiny fractions or no land for multi-family use, as in Mamaroneck (1.7%), Mount Pleasant (0.2%), New Castle (none), North Castle (0.5%), North Salem (none), Pound Ridge (none), Somers (none), Yorktown (0.4%), Scarsdale (0.2%), and Larchmont (1.7%). In contrast, the densely built up communities zoned extensively for multi-family use and provided the land for most of the multi-family units built in Westchester in the 1960's. Examples are Mount Vernon, zoned 44.7% multi-family and 1,759 units added in the 1960's; Yonkers, zoned 27.1% multi-family and 9,024 units added in the '60s; White Plains, zoned 18.1% multi-family and 3,043 units added in the '60s; Ossining, zoned 32.5% multi-family and 1,195 units added; and New Rochelle, 8.1% multi-family and 1,555 units added in the 1960's.

In Nassau County such densely inhabited communities as Long Beach, Freeport, Hempstead(Village) and Mineola accommodated a high percentage of the county's multi-family construction in the 1960's, while the low density communities with much vacant land, zoned to exclude or discourage multi-family use, as in the unincorporated areas of the Town of Oyster Bay and such villages as Sands Point, Brookville, Old Westbury, North Hills, Old Brookville, and Oyster Bay Cove.

In Bergen County, New Jersey, multi-family construction in the 1960's has been concentrated in such relatively high density areas as Hackensack, Fort Lee, Lodi, Ridgefield Park and Wallington, while zoning excluded multi-family building from such familiar commuter towns as Allendale, Alpine, Closter, Cresskill, Demarest, Emerson, Englewood Cliffs, Franklin Lakes, Glen Rock, Harrington Park, Haworth, Ho-Ho-Kus, Norwood, Oakland, Old Tappan, Park Ridge, Riverdale, Tenafly, Upper Saddle River, Woodcliff Lake and Wycoff.

Even in such a heavily populated county as Essex, a number of municipalities with considerable amounts of vacant land exclude apartments, as in Essex Fells, Fairfield, Livingston, North Caldwell, West Caldwell and Roseland. Multi-family construction is concentrated largely in Newark, Orange, East Orange, Irvington, Bloomfield, and Belleville, old cities in the process of renewal, and in Caldwell, Montclair, Verona and West Orange where high rental, small unit construction has been permitted, largely in high rise buildings.

Middlesex County contains far fewer examples of extreme limitation placed upon multi-family construction or complete prohibition by local zoning. However, Cranbury, South Plainfield, Spottswood, Monroe and South Brunswick, which fall into this category, represent a total land area of almost 70,000 acres, about half of which is vacant. As a consequence, the relatively high percentage of multi-family units in the county's housing increase in the 1960's

is concentrated in the northern portion of Middlesex.

The exclusion and severe limitation of multi-family construction by those suburban communities with large amounts of buildable, vacant land has not only reduced the supply of rental housing in the suburbs but has created an unbalanced distribution of such units, forcing additional apartments into the older, more developed portions. Freedom of choice as to location, especially to facilitate access to employment, or such environmental amenities as open space has been severely curtailed for those who rent.

The inventory of housing in the Metropolitan Region outside of New York City (1970) still consists of an overwhelming proportion of single family houses: 2,002,055 such structures as compared to 1,339,152 dwelling units in multi-family buildings. This reflects the historic pattern of predominantly one-family house construction in New York's suburbs before 1960. During the decade of 1960-70, the inventory of one-family houses grew by 174,341 outside of New York City, an increase of 0.8%. During the same period, the inventory of multi-family units grew by 304,761, an increase of 2.2%. This was in a ratio of almost two apartment units for each one-family unit.

In the face of this performance in the suburban housing markets, almost all suburban municipalities with significant amounts of vacant land zoned it for single-family construction only!



Repeated and persistent efforts to initiate a detailed survey of the zoning designation of vacant, buildable land in the Tri-State Metropolitan Region, involving an effort to bring together for collaborative work HUD, the Tri-State Regional Planning Commission and the state planning offices of Connecticut, New Jersey and New York, were not successful. The only survey that was completed and quantified was in New Jersey.\* The latter survey provides shocking evidence of the miscarriage of zoning by that State's suburban municipalities.

The New Jersey survey of zoning shows that in Bergen County only 0.5% of vacant, buildable land is zoned for multi-family use, though 80% of all dwelling units built in that county between 1960 and 1970 were in multi-family structures. In Middlesex County, only 0.3% of vacant buildable land is zoned multi-family, though 65% of all dwelling units built between 1960 and 1970 were multi-family. In Monmouth County, 0.3% such land zoned multi-family, though 49% of units built during the same period were multi-family. In Morris County, only 1.1% of such land zoned multi-family, though 53% of all units built during the same period were multi-family. In Passaic County, only 3.4% of all such land is zoned multi-family, though 82% of all units built during same period were multi-family.

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\* Initiated by Paul Ylvisaker, Commissioner of Community Affairs in the Administration of Gov. Richard J. Hughes, the study was carried forward under the direction of Sidney Willis, State Planning Director, with the encouragement of Gov. William T. Cahill as part of his commitment to breaking the housing stalemate in New Jersey.

In Union County, with 98% of all dwelling units built between 1960 and 1970 in multi-family structures, there are only 332 acres of vacant, buildable land zoned for multi-family use, though some 4,409 acres are zoned for one-family construction only. In Somerset County there is not a single acre zoned for multi-family use though 48% of its dwelling unit additions between 1960 and 1970 were in the multi-family category. Even in densely built-up Essex County, there are 6,343 acres of vacant, buildable land zoned for single-family use and only 68 acres for multi-family use; this in a county that had a loss of 2,694 single family structures from its housing inventory between 1960 and 1970, with the result that multi-family construction accounted for 123% of all additions to the inventory.

The same survey reveals that in Morris County, 81.2% of all vacant land zoned for residential use requires minimum lot sizes of two acres or more. The same figure for other counties is Somerset, 85%; Monmouth, 84%; Bergen, 54.8%; Passaic, 42%; and Middlesex, 38.5%.

Many suburban communities zone for minimum floor area in one-family structures to assure sufficient house size to result in a value sufficiently high to screen out families on the basis of income and to assure the municipality a satisfactory tax return. Such a requirement to build to a minimum size is defended on family health grounds though it bears no relationship to crowding

since it does not relate to number of members of the household, as do housing ordinances. Thus a couple with no children, whether young or old, are required to build the same Procrustean minimum as a family with two, four, six or eight children. The reference to health and crowding is obviously not valid. The requirement for ample family space stands in stark contrast to zoning ordinance requirements of many of the same municipalities that seek to restrict apartment dwellers in the space they can occupy by requiring builders to limit their units to 80% with one bedroom and 20% with two bedrooms.

A requirement of 1,200 sq. ft. for single family houses is the most common in New Jersey. At the prevailing rate of about \$20 per square foot for single-family house construction, this requires an expenditure of \$24,000 for construction alone. Site improvement and land costs easily bring the total cost over \$30,000.

An interesting question arises from the high percentage of multi-family units built during the decade of 1960 to 1970 and the extreme paucity of vacant land zoned for multi-family use. One possible answer that might suggest itself is that almost all the land zoned for multi-family was used for this purpose in the 1960's. This possibility is countered by Regional Plan Association's findings in 1960, which showed very little land zoned for multi-family use in these same counties. It is also countered by the fact that Somerset County had no vacant land zoned for multi-family during this period, but yet added 7,635 multi-family units.

The answer appears to be in these circumstances: the massive demand for rental housing in the 1960's, swollen by households priced out of the single-family market, sent builders scouting for land with a fine tooth comb and resulted in getting apartment houses on parcels in every possible cranny and crevice, mainly in older suburban communities where land assembly involved some demolition. This is suggested by the disappearance of 2,694 single-family houses from the housing inventory of Essex County. The fact that Union County showed a gain of only 311 single-family homes in 10 years suggests that this is the net gain after many one-family structures were demolished to make way for at least a portion of the 19,828 multi-family units added.

The second explanation is that many of the multi-family units were constructed on land that was zoned for single-family use (or a non-residential use) but rezoned specifically for a given multi-family project. Rezoning for multi-family use by negotiation with the builder has become the prevailing method of getting apartment buildings constructed on vacant land.

Both of these circumstances under which multi-family housing gets built are fraught with evil consequences. The first circumstance, land assembly and demolition in old suburban communities, can contribute to overcrowding and to a stratification by race and income. Thus multi-family construction is concentrated in such communities as New Rochelle, Yonkers, Mount Vernon, East Orange, Hackensack and Hempstead, while thousands of acres of vacant land are locked up by single-family zoning.



The second circumstance, negotiated rezoning of vacant land for multi-family construction, permits the suburban "town fathers" to impose their conditions in back room agreements with the builder (not to speak of the incentives for corruption as evidenced by some indictments).

Conditions sought by suburban officials usually reduce the units per acre, the floors per building, and the bedrooms per apartment, while adding every type of amenity likely to make the construction more expensive and necessitate higher rentals.

#### V. Racial Discrimination in Suburban Sales and Rentals

The enactment of a Federal open housing law (Title VIII, Civil Rights Act) in 1968 and of state laws on this subject over a decade ago in New York, New Jersey and Connecticut has not ended widespread discrimination against Blacks and Puerto Ricans in residential property sales and rentals in the suburbs of the New York Metropolitan Region. The findings of the study on racial discrimination were reported in considerable detail in the Interim Report.\* The study's monitoring of enforcement of open housing laws subsequent to this report has served to confirm the interim findings, viz, that open housing laws have driven discrimination "underground," where it operates through more subtle and sophisticated practices that continue to constitute an effective barrier

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\* This report was based on a survey of the operation of the real estate market in the suburbs by Anne Montero, civil rights/housing specialist, as consultant to the project.

to minority homeseekers who do not limit their search to ghetto areas.

The study's findings indicate that very few significant steps have been taken to make more effective the enforcement of open housing laws. Noteworthy as gains in this period are the following:

- Institution of legal proceedings by NCDH and the United Auto Workers to establish the jurisdiction of the New Jersey Division of Civil Rights in zoning where it has the effect of exclusion of persons from residence in the municipality by race. The Attorney General's opinion that the Division does not have jurisdiction has been appealed to the courts, where it is awaiting trial.
- Hearings have been completed on the first major "pattern and practice" suit in the New York Metropolitan Region, brought by the New Jersey Division of Civil Rights against some 19 apartment projects in Parsippany-Troy Hills. These projects contain some 5,600 apartments, only 30 of which were occupied by Blacks. At this writing, the hearing examiner's decision has not yet been given.
- The New Jersey Division of Civil Rights adopted, after hearings and publication, a rule that requires owners of multiple dwellings containing 25 units or more to report annually the racial composition of tenants and applicants, as well as information on rental turn-over, recruiting techniques, rental rates and apartment sizes. The rule, challenged by apartment owners, is pending in court.
- A U.S. Department of Justice pattern and practice suit was filed against the Lefrak realty organization, managers of 150 buildings with 21,000 apartments, mainly in Queens and Brooklyn. It marked the first such suit by the Department of Justice in the New York area. The suit was based on research and documentation by the New York Urban League's Operation Open City project. To the disappointment of civil rights organizations, the Department of Justice dropped the case on the basis of a negotiated settlement in which Lefrak promised to stop discriminating and to assist 50 Negro and Puerto Rican families living in Lefrak's segregated buildings in moving to buildings occupied by whites. The Urban League characterized the latter offer as "straight tokenism." The ineffectual conclusion of the Lefrak case typified Department of Justice resolution of most of its cases under Title VIII, which numbered little more than 100 for the entire United States by the end of 1971.

A major effort of HUD's Equal Opportunity office has been directed toward a public relations campaign in the Eastern half of the country, designed to alert minority homeseekers to their rights under Title VIII. Television, radio and newspaper announcements furnish them with a toll-free telephone number to make complaints. It is indicative of Federal reliance on the one-by-one, complaint-by-complaint process.

The Federal Section 235 Program, which enables low-income families to become homeowners through subsidized mortgage rates of as low as one per cent, was implemented throughout the New York Metropolitan Region, with few exceptions, through the dual real estate market. Black and Puerto Rican buyers were sold ghetto property, and white buyers were sold homes in white neighborhoods. This pattern seems to have been national. The sales were also beset with widespread fraud. Blacks and Puerto Ricans were victimized by the sale of deteriorated properties that proved unlivable without major repairs for heating, plumbing and wiring that were beyond the means of the new low-income owners.

Fair housing counselors who worked with minority buyers in the 235 Program reported bitterly that most white brokers were uncooperative, that most Black brokers sold overpriced, deteriorated slum property, and that the only ones likely to give a minority buyer good housing for his money were the blockbusting brokers who handled properties sold by panicked whites leaving the area. The ease with which brokers corrupted the 235 Program into a tool for strengthening racial separation indicates how little effect

Federal and state laws to curb discrimination by the real estate industry have had. The racist misuse of the 235 Program, in flagrant violation of Federal and state laws, caused no headlines nor orders from Washington to stop the whole program until reformed. The Federal Government acted to remedy the situation only when it became widely known that brokers were also using the 235 Program to line their pockets with fraudulent gains at the expense, ultimately, of American taxpayers.

## VI. Major Conclusions and Recommendations

### Trends and Conclusions

When the National Advisory Commission on Civil Disorders observed that "our nation is moving toward two societies, one black, one white -- separate and unequal," few realized how far the New York Metropolitan Region already had moved toward such division in the form of white suburbs and increasingly black cities.

It is the conclusion of NCDH, based on the study's findings, that a metropolitan region in which the poor, minorities, and the impoverished elderly will constitute the majority in New York City, and whites at all income levels except the very poor will constitute the overwhelming majority in the suburbs, will prove unworkable.



- The economic trends of the 1960's which placed nearly three new jobs in the suburbs for each new job in New York City continue to favor the suburbs, even though the recession has greatly slowed the rate of new job formation. "Employment in the New York area's suburbs rose by 8,000 in 1971, in contrast to a 72,000 job decline in New York City and a 20,000 employment drop in the eight Northeastern New Jersey counties. Between 1969 and 1970, employment increases in the New York suburbs totaled 30,000 and 12,000 in the eight-county Northeastern New Jersey, while New York City's job total declined 34,000."\*

- The outmigration of whites from New York City to its suburbs, which has totaled nearly two and a half million since 1950, continues, though slowed by the decline in housing starts.

- New York City's relief rolls now exceed 1,100,000; one out of seven residents.

- The fragmentation of the suburbs into wasteful mini-jurisdictions, unrelated to municipal resources or needs, all dependent upon local property taxes, has resulted in a fiscal crisis that threatens a breakdown of local services, especially schools.

- The trip to work becomes longer, costlier and more uncertain for almost everyone.

- Crime rates rise in the suburbs, and lawlessness and social disorganization rooted in central city slum conditions triggers building abandonment and population evacuation.

After studying urban trends, the National Commission on the Causes and Prevention of Violence, chaired by Dr. Milton S. Eisenhower, looked into the future of metropolitan areas: "Between the unsafe, deteriorating central city on the one hand and the network of safe, prosperous areas and sanitized corridors on the other, there will be, not unnaturally, intensifying hatred and deepening division. Violence will increase further, and the de-

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\* Regional Labor Statistics Bulletin, No. 30, December 1971, U.S. Dept. of Labor, Bureau of Labor Statistics, Middle Atlantic Region.

fensive response of the affluent will become still more elaborate."\*

Immediate Action Recommendations:

1. An Executive Order suspending Federal grants and FHA and VA underwriting to all communities that refuse to participate in subsidized housing programs.
2. A declaration of emergency by Governors of Connecticut, New Jersey, and New York, suspending zoning ordinances in all municipalities with less than 10% of vacant land for multi-family use and with less than 25% of all existing dwelling units in multi-family structures. Such a declaration would be justified under emergency powers to protect the public welfare from the effect of the housing crisis.
3. Reduction by 50% in bus and rail fares, by utility commission order, and of bridge and tunnel tolls, by authorities' resolution, for reverse commuters, i.e., those travelling from New York City to outlying jobs in morning and returning in evening.
4. Concentration upon pattern and practice suits in use of Federal and state civil rights/housing enforcement resources.
5. Adoption in New York and Connecticut of New Jersey's multiple dwelling reporting rule, requiring annual listing with state agency of race of occupants.

Additional Policy Recommendations:

1. That the Federal government act as "houser of last resort" by constructing or sponsoring housing for low- and moderate-income families wherever essential to protect the public welfare, as proposed by Senators Brooke and Mondale.
2. That housing for families of low- and moderate-income be allocated by an overall plan for the New York Metropolitan Region in accordance with a formula based on location of employment, vacant land, and transportation access, as pioneered in the widely-heralded Dayton (Ohio) plan. Such a metropolitan plan should be directed by a governmental commission representative of

\* To Establish Justice, to Insure Domestic Tranquility. Final Report. U.S. Government Printing Office, Washington, D.C., 1969.

all groups and strata of the Region's population, as proposed for the San Francisco Bay Area by NCDH's demonstration project.

3. Limitation of local minimum lot-size requirement to  $\frac{1}{4}$  acre, unless by special permit of state board of health, through amendment to state zoning enabling act.

4. State legislation requiring issuance of a certificate of convenience and necessity for each new industrial or commercial building to employ 25 or more persons in suburban counties, certifying the availability of housing at cost levels appropriate to wages and for sale or rent without discrimination.

5. Establishment of a central, computerized listing service capable of supplying upon public request information on houses and rentals by location, size, price, terms, etc., for entire New York Metropolitan Region, cross-referenced with information on local employment opportunities.

6. Amendment of Federal and state open housing laws to specify zoning as a valid jurisdiction for investigation and action by civil rights enforcement agencies where racial discrimination and segregation is alleged to result.

7. Restructuring of state tax systems to remove responsibility for schools and welfare from municipalities and counties.

8. Investigations and public hearings in communities with de facto racial exclusion as per NCDH's pioneering program in San Leandro, California.

9. Legal requirement that offerings of residential property for sale or rental be listed publicly for a minimum number of days before acceptance of deposit from buyer or renter.

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TABLE A.

EXAMPLES OF SINGLE FAMILY LAND COSTS BY SIZE OF PARCEL  
SELECTED COMMUNITIES, NEW YORK SUBURBAN REGION

<u>Community and County</u>	<u>Size of Parcel</u>	<u>Cost per Parcel<sup>1</sup></u>	<u>Water and Sewer</u>	<u>Remarks</u>
Connecticut:				
Fairfield County				
Bethel-Brookfield	1 or 2 acres	\$15.0	No	Small number of $\frac{1}{4}$ acre lots
New Fairfield-				
Newton-Ridgefield	3 acres	15.0	No	-
Redding	3 to 5 acres	20.0-25.0	No	-
Stamford	$\frac{1}{2}$ acre	17.5-21.0	No	-
Danbury (area)	1 or 2 acres	10.0-15.0	No	-
Danbury (area)	1 or 2 acres	15.0-20.0	Yes	-
Danbury (city)	50x100 feet	6.5	Yes	Few remaining
Bridgeport	Less than 1 acre	10.0	Yes	Some $\frac{1}{4}$ and $\frac{1}{2}$ acre
Fairfield-Stratford	$\frac{1}{4}$ acre	12.0	-	Parts have water and sewers
Trumbull	$\frac{1}{3}$ acre	10.0	No	-
Monroe-Easton	1 acre	10.0-15.0	No	-
New York:				
Westchester County				
Cortlandt-Yorktown	1 acre or less	9.0-14.0	No	Some areas have water
Somers-Bedford-				
New Castle	1 or 2 acres	15.0-20.0	Yes	-
Somers-Bedford-				
New Castle	2 acres or more	12.0	No	-
North Salem-				
Lewistown-	1 to 4 acres	12.0-15.0	No	-
Pound Ridge				
Mount Pleasant-	$\frac{1}{2}$ to 1 acre	7.5-12.5	Yes	-
North Castle				
Greenburgh	$\frac{1}{2}$ to 1 acre	15.0	Yes	-
White Plains-				
Yonkers	$\frac{1}{2}$ acre or less	10.0+	Yes	Few remaining
New Rochele	$\frac{1}{2}$ acre or less	12.0+	Yes	Few remaining
Rye (city and area)	1 acre	20.0+	Yes	-
New York:				
Nassau County				
Baldwin	$\frac{1}{7}$ acre	15.0	Yes	Few remaining
Rockville Center	$\frac{1}{7}$ acre	20.0	Yes	-

<sup>1</sup> In thousands of dollars.



TABLE A (CONTINUED)

EXAMPLES OF SINGLE FAMILY LAND COSTS BY SIZE OF PARCEL  
SELECTED COMMUNITIES, NEW YORK SUBURBAN REGION

<u>Community and County</u>	<u>Size of Parcel</u>	<u>Cost per Parcel/1</u>	<u>Water and Sewer</u>	<u>Remarks</u>
New York:				
Suffolk County				
Throughout County	1 acre	4.0-6.0	No	-
New Jersey:				
Essex County				
Livingston-Roseland-				\$40,000 acre for
North Caldwell	-	-	-	large parcels
Millburn-Maplewood-				
South Orange-West				
Orange	1/6 acre	15.0	Yes	-
Scattered throughout				
city	1/6 acre	10.0-25.0	Yes	-
Livingston	3/4 acre	25.0	Yes	-
Livingston	1/3 acre	15.0	Yes	-
New Jersey:				
Bergen County				
South and eastern				Individual lots
sections of county	1/6 acre	10.0-15.0	Yes	in built up areas
Englewood-Teaneck	1/6 acre	5.0-10.0	Yes	-
Paramus	1/4 acre	10.0	Yes	-
Harrington Park	1/3 acre	9.0	Yes	-
Upper Saddle River	1 acre	18.0-23.0	No	-
Tenafly	1 acre	4.5	Yes	-
New Jersey:				
Middlesex County				
Throughout County	1 acre	12.0-20.0	No	(raw land available
Throughout County	1 acre	15.0-25.0	Yes	(for development
Throughout County	1/6 acre	7.5- 9.0	Yes	(individual lots in
Throughout County	1/4 acre	10.0	No	(built up areas
Sawville	1/4 acre	5.0	Yes	
Metuchen (area)	1 acre	15.0+	Yes	
Metuchen (area)	1 acre	12.0+	No	

Source: Interviews with builders, developers, real estate agents, land appraisers and others, New York Suburban Region, 1970.





TABLE B

EXAMPLES OF MULTI-FAMILY LAND COSTS, BY TYPE OF DEVELOPMENT  
SELECTED COMMUNITIES, NEW YORK SUBURBAN REGION  
1969-1970

<u>Community and County</u>	<u>Land Cost per Unit (000's)</u>	
	<u>Garden Apartment- Town Houses/1</u>	<u>High Rise/2</u>
Fairfield County; Connecticut		
New Canaan	\$12.5-16.0	-
Stamford	10.0-16.0	\$7.5
Westchester County; New York		
White Plains (area)	5.0	3.0-8.0
Yonkers	3.0- 7.0	2.0-5.0
Mount Kisco	-	3.0
Nassau County, New York		
Rockville Center	-	6.0-7.2/3
Great Neck	7.0- 8.0-	
Westbury	5.5	
Suffolk County, New York		
Babylon (area)	2.2- 3.8	-
Brookhaven	3.0	-
Islip	2.8- 3.5	
Bergen County, New Jersey		
Fort Lee	-	4.0+
Essex County, New Jersey		
Irvington	-	
Middlesex County, New Jersey		
East Brunswick	2.0	-

/1 Generally less than 20 units per acre.

/2 In excess of 20 units per acre

/3 Based on a square footage cost of \$6,000 for a 1,000 to 1,200 square foot apartment unit.

Source: Interviews with builders, developers, real estate brokers, and appraisers in New York Suburban Region, 1970.



TABLE C

AVERAGE ANNUAL RATE OF CHANGE IN COST OF LAND  
SELECTED COMMUNITIES, NEW YORK SUBURBAN REGION  
1970

<u>Community and County</u>	<u>Period</u>	<u>Average Annual Percentage Change</u>	<u>Type of Land</u>
Fairfield County, Connecticut			
Bridgeport area	1968-1970	5	Single family
New Canaan-Darien-Stamford	1967-1970	28	Multi- family
Westchester County, New York			
Mount Pleasant - New Castle	1943-1967	9	Single family
Croton-on-Hudson	1967-1969	10	Single family
Harrison	1965-1968	8	Single family
North Castle	1968-1970	10	Single family
Nassau County, New York			
Oceanside-Merrick- Valley Stream-Baldwin- Wantagh-Seaford-Massapequa Rockville Center	1968-1970	5-7	Single family/ <sup>1</sup>
Throughout County	1968-1970	6	Single family/ <sup>1</sup>
Throughout County	1967-1970	11	Multi- family
Great Neck	1967-1970	28	Multi- family
Suffolk County, New York			
Centerreach (area)	1967-1970	10	Single family
Throughout County	1968-1970	8-10	Single family
Islip	1967-1970	28	Multi- family

<sup>1</sup> Few lots remaining.





TABLE C (CONTINUED)

AVERAGE ANNUAL RATE OF CHANGE IN COST OF LAND  
SELECTED COMMUNITIES, NEW YORK SUBURBAN REGION  
1970

<u>Community and County</u>	<u>Period</u>	<u>Average Annual Percentage Change</u>	<u>Type of Land</u>
Bergen County, New Jersey			
Harrington Park	1967-1970	18	Multi- family
Fort Lee	1965-1970	33	Multi- family
Western County	1960-1970	7	Single family
Paramus	1960-1970	8	Single family
Tenafly	1960-1970	8	Single family
Essex County, New Jersey			
Livingston	1968-1970	20	Single family
West Orange-Milburn	1960-1970	5	Single family
Middlesex County, New Jersey			
East Brunswick	1968-1970	34	Multi- family
Metuchen (area)	1960-1970	8-9	Single family

Source: Real estate brokers and land appraisers, New York Suburban Region, 1970.



TABLE D

ESTIMATED CHANGES IN INCOME LEVELS  
COUNTIES, NEW YORK SUBURBAN REGION  
1960-1970

<u>County</u>	<u>Time Period</u>	<u>Percentage Change</u>
Fairfield County	1965-1969	<sup>/1</sup> 3.0
Westchester County	1960-1970	5.6
Nassau County	1960-1966	4.8
Suffolk County	1960-1966	2.0
Bergen County	1960-1968	5.9
Essex County	1960-1968	7.8
Middlesex County	1960-1968	4.9

/1 Estimated composite rate for all of Fairfield County, based on income changes in various sub-parts of the county.

Source: Connecticut Division of Community Affairs and various local planning and economic studies for Fairfield County communities; New York Department of Commerce and local planning and economic studies; and Middlesex County Planning Board.







